

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Rainey Analyst: Darrine Distefano Bill Number: SB 1427

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 03/09/2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Employer Provided Public Transit Passes Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

X AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

X REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED _02-03-2000_ STILL APPLIES.

OTHER – See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and Bank and Corporation Tax Law (B&CTL), this bill would allow a credit equal to 40% of the cost paid or incurred by an employer for providing subsidized public transit passes to an employee.

This bill would amend the Department of Finance calculation regarding future reductions of the Vehicle License Fee (VLF). It also would require the California Research Bureau to report by January 1, 2004, on the amount of credits used and the public transit ridership in California. This analysis will address the bill's provisions regarding the VLF and the Research Bureau report only as they impact the department's programs or operations.

SUMMARY OF AMENDMENT

The March 9, 2000, amendment removed the \$1 million credit cap per calendar year and corrected a technical error that referenced the wrong section of the Revenue and Taxation Code for the VLF provision.

Removal of the cap resolved the department's implementation and technical considerations. Also, the revenue analysis in the department's prior analysis had noted that without the cap, the amount of credits generated would be approximately \$2 million for taxable and income year 2000, so this estimate would now apply.

Except for the items discussed in this analysis., the remainder of the department's analysis of the bill as introduced February 3, 2000, still applies.

BOARD POSITION

Pending.

Board Position:

<u> </u> S	<u> </u> NA	<u> </u> NP
<u> </u> SA	<u> </u> O	<u> </u> NAR
<u> </u> N	<u> </u> OUA	<u> </u> X PENDING

Legislative Director

Date

Johnnie Lou Rosas

3/15/00